

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF DELAWARE

SYMBOL TECHNOLOGIES, INC.,	)	
	)	
Plaintiff,	)	
	)	
v.	)	C.A. No. 01-801-SLR
	)	
PROXIM INCORPORATED,	)	
	)	
Defendant.	)	

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**MEMORANDUM OPINION**

Dated: July 30, 2003  
Wilmington, Delaware

**ROBINSON, Chief Judge**

**I. INTRODUCTION**

On December 4, 2001, plaintiff Symbol Technologies, Incorporated ("Symbol") filed this action against defendant Proxim, Incorporated ("Proxim") alleging infringement of four U.S. Patents owned by plaintiff.<sup>1</sup> (D.I. 1) On December 18, 2001, Proxim answered the complaint and asserted, inter alia, a counterclaim of infringement of one of its own patents.<sup>2</sup> (D.I. 6) Plaintiff subsequently dismissed the '803 patent from its case. Trial is currently scheduled to begin on September 8, 2003. Presently before the court are various motions for summary judgment. This court has jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338.

For the reasons that follow, plaintiff's motion for summary judgment on defendant's Lanham Act and unfair competition counterclaims (D.I. 171) is granted; plaintiff's motion for summary judgment of invalidity and unenforceability of the '634 patent (D.I. 174) is denied; plaintiff's motion for summary judgment of non-infringement of the '634 patent (D.I. 177) is granted in part and denied in part; defendant's motion for summary judgment of infringement of the '634 patent (D.I. 190) is denied; and defendant's motion for summary judgment of non-

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<sup>1</sup>U.S. Patent Nos. 5,029,183 ("the '183 patent"), 5,103,461 ("the '461 patent"), 5,479,441 ("the '441 patent") and 5,668,803 (the '803 patent").

<sup>2</sup>U.S. Patent No. 5,231,634 ("the '634 patent").

infringement (D.I. 195) is granted in part and denied in part.

## **II. STANDARD OF REVIEW**

A court shall grant summary judgment only if "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c). The moving party bears the burden of proving that no genuine issue of material fact exists. See Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574, 586 n.10 (1986). "Facts that could alter the outcome are 'material,' and disputes are 'genuine' if evidence exists from which a rational person could conclude that the position of the person with the burden of proof on the disputed issue is correct." Horowitz v. Fed. Kemper Life Assurance Co., 57 F.3d 300, 302 n.1 (3d Cir. 1995) (internal citations omitted).

If the moving party has demonstrated an absence of material fact, the nonmoving party then "must come forward with 'specific facts showing that there is a genuine issue for trial.'" Matsushita, 475 U.S. at 587 (quoting Fed. R. Civ. P. 56(e)). The court will "view the underlying facts and all reasonable inferences therefrom in the light most favorable to the party opposing the motion." Pa. Coal Ass'n v. Babbitt, 63 F.3d 231, 236 (3d Cir. 1995). The mere existence of some evidence in

support of the nonmoving party, however, will not be sufficient for denial of a motion for summary judgment; there must be enough evidence to enable a jury reasonably to find for the nonmoving party on that issue. See Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 249 (1986). If the nonmoving party fails to make a sufficient showing on an essential element of its case with respect to which it has the burden of proof, the moving party is entitled to judgment as a matter of law. See Celotex Corp. v. Catrett, 477 U.S. 317, 322 (1986).

### **III. DISCUSSION**

#### **A. Plaintiff's Motion for Summary Judgment on Defendant's Lanham Act and Unfair Competition Counterclaims**

In order to understand the origins of defendant's counterclaims, a brief overview of the procedural history between the parties is required. On March 8, 2001, prior to the present action, Proxim sued Symbol in this court alleging infringement of a number of patents owned by Proxim. Proxim v. 3Com et al., C.A. No. 01-155-SLR ("the 01-155 action"). The 01-155 action is presently pending before this court. In the 01-155 action, on May 1, 2001, Symbol answered the complaint and asserted a counterclaim for infringement of the four patents in the present action against Proxim. Proxim successfully moved to sever Symbol's patents from the 01-155 litigation and, on December 4, 2001, plaintiff Symbol filed the present action against defendant Proxim asserting the four patents that were removed from the 01-

155 action. (D.I. 1) On December 18, 2001, defendant answered and asserted counterclaims for unfair competition under the Lanham Act and tortious interference based on a press release plaintiff issued on May 1, 2001, in connection with the 01-155 action. (D.I. 6) The press release, in full, stated:

Symbol Technologies announced today that it filed an answer and patent infringement counterclaims against Proxim, Inc. in the United States District Court for the District of Delaware. The court filings were made in response to Proxim's previously filed complaint in the same court asserting patent infringement claims against Symbol, as well as several other parties implementing certain versions of the IEEE 802.11 wireless LAN standard.

Symbol has denied infringement of any Proxim patents and counter-sued Proxim for infringement of four Symbol wireless LAN patents, which were developed by Symbol as a result of its pioneering work in the field of wireless LAN radios predating Proxim's asserted intellectual property. Symbol has asked for an unspecified amount of damages as well as an order permanently enjoining Proxim from further infringement of Symbol's patents, especially with products which do not conform to the IEEE 802.11 standard, such as Proxim's Home-RF product offerings.

"We remain perplexed at the logic behind Proxim's recent legal activities which were announced to the press without discussion with Symbol since Proxim has an obligation to provide to all suppliers of 802.11 compliant products with fair, non-discriminatory licenses. We intend to vigorously defend against the Proxim suit which we believe is without merit, and at the same time prosecute Symbol's patents against Proxim with particular focus on obtaining injunctive relief against Proxim's non-standard proprietary product offerings," said Leonard Goldner, Symbol's Executive Vice President and General Counsel.

Although Symbol believes that Proxim's claims are without merit, it has requested that the District Court join Intersil Corporation, a supplier of key wireless

LAN chips to Symbol, in the action. Symbol believes Intersil has an obligation to indemnify Symbol and hold it harmless in the event that Symbol's RF products, all of which currently incorporate Intersil's chips, are found to violate any valid Proxim patent.

(D.I. 173, Ex. 3)

In its counterclaims, defendant first asserts that this press release constituted unfair competition under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). (D.I. 6 at 11) It alleges that the press release contains materially false and misleading statements stating that defendant infringed four patents owned by plaintiff and that plaintiff would obtain injunctive relief against Proxim's Home-RF products. (Id. at 12) Defendant also alleges that plaintiff's press release was made in bad faith because plaintiff knew that defendant's products did not infringe the asserted patents. Rather, the press release was meant to mislead and deceive defendant's investors, suppliers, distributors, retailers and other business partners. (Id. at 13) Finally, defendant asserts that ultimately, plaintiff's press release caused the failure of defendant's Home-RF product line and caused defendant substantial financial loss.

Defendant next asserts that plaintiff's press release also violates Delaware's common laws governing unfair competition and tortious interference with actual and prospective contractual relations. (Id. at 14) Again, defendant alleges that plaintiff's press release was intended to dissuade defendant's

business partners from doing business with it and to push defendant's Home-RF products out of the market.

Plaintiff now moves for summary judgment dismissing defendant's Lanham Act and tortious interference counterclaims and makes a number of arguments in support of its motion. (D.I. 172) First, plaintiff argues that defendant cannot establish a violation of the Lanham Act because it cannot prove its alleged harm. In support of this argument, plaintiff states that defendant's entire damages theory is supported solely by the ipse dixit of its own former employee Kurt Bauer. Plaintiff asserts that no reasonable juror could find that the one-page press release caused the failure of defendant's product line because there is no documentary evidence to support such an assertion. Rather, the evidence shows it was other factors such as the defection of Intel from the Home-RF standard and widespread acceptance of the 802.11 standard in the market that was the demise of defendant's products. Plaintiff contends that not one document has been produced that implies that the press release was the cause of the failure. In fact, defendant published the lawsuit in each of its SEC filings and made statements that it was not affected by the litigation. Additionally, defendant's 30(b)(6) witness was unable to identify any specific harm caused by the press release and its only evidence to the contrary is the self-serving testimony of its current and former employees.

Next, plaintiff argues that defendant's counterclaims must fail because it cannot show that the statements in the press release were false or misleading. Each of the statements plaintiff made in the press release were true at the time they were made and remain true now. Finally, defendant cannot establish that the statements in the press release were made in bad faith, thus, precluding it from succeeding on its counterclaims.

In Mikohn Gaming Corp. v. Acres Gaming, Inc., the Federal Circuit articulated a federal standard applicable to all torts, state or federal, based on a patentee's statements about patent infringement to a potential infringer and the industry. 165 F.3d 891, 897 (Fed. Cir. 1998). The court stated that

communication to possible infringers concerning patent rights is not improper if the patent holder has a good faith belief in the accuracy of the communication. Although "bad faith" may encompass subjective as well as objective considerations, and the patent holder's notice is not irrelevant to a determination of bad faith, a competitive commercial purpose is not of itself improper, and bad faith is not supported when the information is objectively accurate. In general, a threshold showing of incorrectness or falsity, or disregard for either, is required in order to find bad faith in the communication of information about the existence or pendency of patent rights. Indeed, a patentee, acting in good faith on its belief as to the nature and scope of its rights, is fully permitted to press those rights even though he may misconceive what those rights are.

Id. "Consequently, patentees do not violate the rules of fair competition by making accurate representations, and are allowed to make representations that turn out to be inaccurate provided



they make them in good faith.” Golan v. Pingel Enter., 310 F.3d 1360, 1371 (Fed. Cir. 2002). “To survive summary judgment, the party challenging such statements must present affirmative evidence sufficient for a reasonable jury to conclude that the patentee acted in bad faith, in light of the burden of clear and convincing evidence that will adhere at trial.” Id.

In the case at bar, the court concludes that defendant has failed to carry its substantial burden of proving that plaintiff’s statements in the May 1, 2001 press release were made in bad faith. The court finds that under the Federal Circuit’s articulated standards, the statements in plaintiff’s press release were objectively fair and permissible in scope and content. Additionally, the court finds it hard to conclude that a single, brief press release, which is common in such actions, would be the sole cause of the failure of defendant’s product line, particularly when dealing with parties as sophisticated in intellectual property matters as those in the relevant market. As such, plaintiff’s motion for summary judgment is granted and defendant’s Lanham Act and unfair competition/tortious interference counterclaims are dismissed.

**B. Plaintiff’s Motion for Summary Judgment of Invalidity and Unenforceability of the ‘634 patent**

Plaintiff contends that claim 2 of the ‘634 patent is invalid as anticipated under the on-sale bar of 35 U.S.C. § 102(b) and that the ‘634 patent is unenforceable due to

defendant's inequitable conduct before the United States Patent Office.

### **1. On-sale bar**

Section 102(b) provides, in pertinent part:

A person shall be entitled to a patent unless . . . the invention was . . . on sale in this country, more than one year prior to the date of the application for patent in the United States.

35 U.S.C. § 102(b). A determination that a patented product was placed on sale more than one year before the filing date of the patent application is a conclusion of law based on underlying findings of fact. See Monon Corp. v. Stoughton Trailers, Inc., 239 F.3d 1253, 1257 (Fed. Cir. 2001). The date one year prior to the date on which the patent application was filed is known as the "critical date." See id. To prevail on a claim of invalidity based on the on-sale bar, an accused infringer must demonstrate by clear and convincing evidence that the patented device was both the subject of a commercial offer for sale and ready for patenting prior to the critical date. See Pfaff v. Wells Elecs., Inc., 525 U.S. 55, 67 (1998); Monon Corp., 239 F.3d at 1257. In the present case, the parties agree that the critical date for the '634 patent is December 18, 1990.

The first element of the on-sale bar analysis as enumerated in Pfaff requires that the invention be the subject of a commercial sale or offer for sale. Pfaff, 525 U.S. at 67. This element contains two sub-parts. The court must find that there

was both a "commercial offer" and that the offer was for the patented invention. See Scaltech, Inc. v. Retec/Tetra, L.L.C., 269 F.3d 1321, 1328 (Fed. Cir. 2001). "The question of whether an invention is the subject of a commercial offer for sale is a matter of Federal Circuit law, to be analyzed under the law of contracts as generally understood." Group One, Ltd. v. Hallmark Cards, Inc., 254 F.3d 1041, 1047 (Fed. Cir. 2001). An offer for sale need not be accepted to implicate the on-sale bar. Scaltech, 269 F.3d at 1328. Nor is it relevant that there was the possibility that the offer, even if accepted, might not ultimately have led to an actual sale of the invention. Id. at 1329.

Plaintiff argues that the first element of the on-sale bar is met based on the fact that on at least three occasions defendant offered for sale or sold the patented invention. (D.I. 175 at 12) In support of this argument, plaintiff first points to a July 25, 1990 letter from defendant to a West German company NCR GmbH. (D.I. 176, Ex. 5) Next, plaintiff offers, inter alia, a September 19, 1990 offer letter and purchase agreement to AGS Information Services, Inc. (D.I. 176, Ex. 6, 7) Finally, plaintiff points to a November 27, 1999 OEM contract with a company named GRiD. (D.I. 176, Ex. 10) In each case, plaintiff contends that the documents are irrefutable proof that defendant offered for sale or sold the patented invention.

In response, defendant argues that plaintiff fails to prove that the product that was the subject matter of the alleged sales or offers for sale satisfies each limitation of the asserted claim of the '634 patent. (D.I. 208 at 12) None of the documents submitted by plaintiff contain any proof the purported offers involved a device embodying anything resembling the patented method. Defendant asserts that plaintiff has submitted no expert testimony that the materials cited by plaintiff show that the offered devices utilized the patented method or contained the novel features of the '634 patent.

Viewing the underlying facts and all reasonable inferences therefrom in the light most favorable to defendant, as this court must at the summary judgment stage, and given the high burden placed on plaintiff to prove invalidity, the court concludes that there are genuine issues of material fact as to whether the device offered for sale or sold by defendant was covered by the patent method of claim 2 of the '634 patent.

## **2. Inequitable conduct**

Plaintiff next argues that defendant's failure to disclose its sales and/or offers for sale of the patented invention to the Patent Office during prosecution constituted inequitable conduct rendering the patent unenforceable. Because the court has concluded that there are genuine issues of material fact that the device sold or offered for sale was the patented device, the

court declines to grant plaintiff's motion at this stage. Plaintiff's motion for summary judgment of invalidity and unenforceability of the '634 patent is denied.

**C. Plaintiff's Motion for Summary Judgment of Non-infringement of the '634 Patent**

Plaintiff moves for summary judgment that its accused products do not infringe claim 2 of defendant's '634 patent. There are three product lines manufactured by plaintiff at issue with respect to the '634 patent: 1) the Spectrum24 802.11 DS product; 2) the Spectrum24 Spring product; and 3) the Spectrum24 802.11 FH product.

A determination of infringement requires a two-step analysis. First, the court must construe the asserted claims so as to ascertain their meaning and scope. Second, the claims as construed are compared to the accused product. See KCJ Corp. v. Kinetic Concepts, Inc., 223 F.3d 1351, 1355 (Fed. Cir. 2000). Claim construction is a question of law while infringement is a question of fact. See id. To establish literal infringement, "every limitation set forth in a claim must be found in an accused product, exactly." Southwall Tech., Inc. v. Cardinal IG Co., 54 F.3d 1570, 1575 (Fed. Cir. 1995). Occasionally, "the issue of literal infringement may be resolved with the step of claim construction, for upon correct claim construction, it may be apparent whether the accused device is within the claims." Multiform Desiccants, Inc. v. Medzam, 133 F.3d 1473, 1476 (Fed.

Cir. 1998).

### **1. The Spectrum24 802.11 DS product**

Plaintiff first asserts that the Spectrum24 802.11 DS product is the subject of a recent licence granted by defendant, precluding it from suing plaintiff for infringement. The relevant chipsets in the 802.11 DS products are manufactured by a third party named Intersil Corporation. Until recently, defendant was involved in litigation with Intersil that resulted in a license between defendant and Intersil covering, inter alia, the '634 patent. Additionally, the license covers all of Intersil's customers who use its chipsets. As such, the license now precludes defendant for suing plaintiff for infringement with respect to the 802.11 DS products, which exclusively incorporate Intersil's chipsets. In its response, defendant does not contest plaintiff's claim with respect to the 802.11 DS products and, therefore, plaintiff's motion is granted with the 802.11 DS product line. (See D.I. 207 at 2, fn.1)

### **2. The Spectrum24 Spring product**

Plaintiff contends that its Spectrum25 Spring product does not infringe the '634 patent because the Spring product is incapable of an "RTS/CTS handshake" as required by claim 2. Claim 2 is a method claim requiring, in relevant part, the steps of

transmitting from the first agent, if the first agent determines that the communications medium is not in

use, a request-to-send message that includes reservation duration information;

receiving the request-to-send message at a second agent;

transmitting from the second agent a clear-to-send message including reservation duration information on behalf of the first agent;

'634 patent, col. 9, ll. 50-58.

Plaintiff asserts that its Spectrum24 Spring product is incapable of transmitting a request-to-send ("RTS") message from a first agent to a second agent and then transmitting a clear-to-send ("CTS") message back from the second agent to the first agent, also known as a RTS/CTS handshake. (D.I. 178 at 8) In support of this argument, plaintiff contends that it has produced the source code for its Spectrum24 Spring product that shows that every release of the product other than the first release had no code for generating an RTS message. And, although the first release had the code to generate an RTS message, it was turned off by default. Therefore, it was impossible for any of plaintiff's Spectrum24 Spring products to generate an RTS code and, therefore, impossible to infringe claim 2 of the '634 patent.

In response, defendant argues that plaintiff admits that its first generation Spring products could generate RTS signals and, during testing, plaintiff indisputably performed the RTS/CTS handshake of claim 2. Additionally, defendant argues that the

evidence establishes that plaintiff's subsequent releases of its Spectrum24 Spring products did have the ability to exchange RTS/CTS messages. In support of this argument, defendant cites to specifications for plaintiff's source code, the code itself and to plaintiff's expert witness to show that even plaintiff's later releases refer to RTS messages.

Viewing the underlying facts and all reasonable inferences therefrom in the light most favorable to defendant, as it must on summary judgment, the court concludes that there are genuine issues of material fact as to whether or not the Spectrum24 Spring product infringes the RTS/CTS handshake limitation of claim 2 of the '634 patent. Therefore, plaintiff's motion is denied as to this issue.

### **3. The Spectrum24 802.11 FH product**

Plaintiff also argues that its Spectrum 802.11 FH products do not infringe the RTS/CTS handshake limitation of claim 2 of the '634 patent. Although plaintiff admits that the 802.11 FH product is capable of transmitting an RTS/CTS message, as it must to be compliant with the 802.11 standard, its 802.11 FH product is sold with this feature turned off by default and, furthermore, plaintiff discourages its customers from enabling the feature. Since claim 2 of the '634 is a method claim and not an apparatus claim, defendant must show that the accused product actually performs the method, a task plaintiff claims defendant cannot do.



Additionally, plaintiff argues that its 802.11 FH products do not operate in a "peer-to-peer mode" as required by claim 2 of the '634 patent.

In response, defendant argues that the RTS/CTS feature is not turned off in plaintiff's 802.11 FH product and that during testing plaintiff invariably infringed claim 2. Additionally, defendant argues that even in its default setting RTS/CTS messages are generated as shown by both parties' expert reports.

Again, viewing the underlying facts and all reasonable inferences therefrom in the light most favorable to defendant, the court concludes that there are genuine issues of material fact as to whether or not the Spectrum24 802.11 FH product infringes the RTS/CTS handshake limitation of claim 2 of the '634 patent. Furthermore, plaintiff's argument that the 802.11 FH product does not infringe the peer-to-peer limitation is based on a claim construction of that term not adopted by the court. Therefore, plaintiff's motion is denied as to this issue.

**D. Defendant's Motion for Summary Judgment of Infringement of the '634 Patent**

Defendant moves for summary judgment that plaintiff's Spectrum24 Spring and 802.11 FH products infringe claim 2 of the '634 patent. However, because the court has concluded above that there are genuine issues of material fact with respect to whether or not plaintiff's accused products meet the RTS/CTS limitation of claim 2, defendant's motion for summary judgment is denied.

**E. Defendant's Motion for Summary Judgment of Non-infringement of Plaintiff's Patents in Suit**

Defendant moves for summary judgment of non-infringement of plaintiff's patents in suit based on its proposed claim construction. Defendant argues that if the court construes either the term "base station" or "remote terminal" in accordance with its proposed construction, it cannot, as a matter of law, infringe any of plaintiff's patents in suit either literally or under the doctrine of equivalents. There are three product lines manufactured by defendant at issue with respect to plaintiff's patents in suit: 1) the 802.11 products; 2) the OpenAir products; and 3) the HomeRF products.

Defendant's 802.11 and OpenAir products are capable of operating in two modes; an active mode and a power-saving mode. Its HomeRF products are only capable of operating in an active mode. In its response brief, plaintiff states that it only claims defendant's products infringe when they are in the power-saving mode and, as such, defendant's HomeRF products do not infringe. Plaintiff asserts that it was not provided the information to determine this until recently and, therefore, now withdraws its claims of infringement with respect to plaintiff's HomeRF products. Thus, the court grants defendant's motion of non-infringement with respect to its HomeRF products.

With respect to its 802.11 and OpenAir product lines, defendant argues that even in the accused power-saving mode,

these devices do not contain the "base station" limitation of any of the asserted claims. In its claim construction order, the court construed the term "base station" as "a unit that transfers data between a remote terminal unit and a central computer, but which cannot initiate communications with a remote terminal unit." Based on its similar proposed construction, defendant argues that even in power-saving mode, the base stations of its accused products initiate data communications with a remote terminal. In support of its argument, defendant asserts that the base stations of its accused products are capable of transmitting a "beacon" to the remote terminal which constitutes a data communication.

In response to this argument, plaintiff contends that a beacon is merely a packet that is sent by a base station repeatedly and indiscriminately, and is not addressed to any particular node or terminal in the network. When in power-saving mode, the remote terminals of the accused devices are powered down most of the time and periodically power-up as needed to determine if communications are requested. If the remote terminal powers up and hears a beacon signal, it knows that the base station wishes to communicate with it and the remote terminal may then initiate a data communication with the base station at a time of its own choosing as required by the claims. Contrarily, the transmission of a beacon by the base station has

no effect on the scheduling of transmissions of a remote terminal unit in power-saving mode.

Viewing the underlying facts and all reasonable inferences therefrom in the light most favorable to plaintiff, the court concludes that there are genuine issues of material fact as to whether or not a "beacon" is a data communication with a remote terminal initiated by a base station under the court's claim construction. Therefore, defendant's motion is denied with respect to the 802.11 and OpenAir products.

#### **IV. CONCLUSION**

For the reasons stated, plaintiff's motion for summary judgment on defendant's Lanham Act and unfair competition counterclaims is granted; plaintiff's motion for summary judgment of invalidity and unenforceability of the '634 patent is denied; plaintiff's motion for summary judgment of non-infringement of the '634 patent is granted in part and denied in part; defendant's motion for summary judgment of infringement of the '634 patent is denied; and defendant's motion for summary judgment of non-infringement is granted in part and denied in part. An appropriate order shall issue.